

House File 614 - Introduced

HOUSE FILE 614

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 42)

A BILL FOR

1 An Act relating to the property tax exemption for the value
2 added by certain geothermal heating or cooling systems and
3 including applicability provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 427.1, subsection 38, paragraphs a and b,
2 Code 2017, are amended to read as follows:

3 a. The value added by any new or refitted construction or
4 installation of a geothermal heating or cooling system on or
5 after July 1, 2012, on property classified as residential,
6 or the value added by any new or refitted construction or
7 installation of a geothermal heating or cooling system on or
8 after July 1, 2017, on property classified as multiresidential,
9 commercial, industrial, or agricultural. The exemption shall
10 be allowed for ten consecutive years beginning not earlier
11 than the assessment year following the year that the system
12 was placed in service. The exemption shall apply to any value
13 added by the addition of mechanical, electrical, plumbing,
14 ductwork, or other equipment, labor, and expenses included
15 in or required for the construction or installation of the
16 geothermal system, as well as the proportionate value of any
17 well field associated with the system and attributable to the
18 owner.

19 b. A person claiming an exemption under [this subsection](#)
20 shall obtain the appropriate forms from the assessor. The
21 forms shall be prescribed by the director of revenue. The
22 claim shall be filed no later than February 1 of the first
23 assessment year the exemption is requested and shall contain
24 information pertaining to all costs and other information
25 associated with construction and installation of the system.
26 Once the exemption is allowed, the exemption shall continue to
27 be allowed for ten consecutive years without further filing as
28 long as the property continues to be classified as residential,
29 multiresidential, commercial, industrial, or agricultural
30 property.

31 Sec. 2. IMPLEMENTATION. Section 25B.7 does not apply to the
32 property tax exemption enacted in this Act.

33 Sec. 3. APPLICABILITY. This Act applies to assessment years
34 beginning on or after January 1, 2018.

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EXPLANATION

1 The inclusion of this explanation does not constitute agreement with
2 the explanation's substance by the members of the general assembly.

3 Current Code section 427.1(38) provides a property
4 tax exemption on the value added by any new or refitted
5 construction or installation of a geothermal heating or cooling
6 system on or after July 1, 2012, on property classified as
7 residential. Under current law, that exemption is allowed for
8 10 consecutive years.

9 This bill authorizes the exemption for the value added by any
10 new or refitted construction or installation of a geothermal
11 heating or cooling system on or after July 1, 2017, on property
12 classified as multiresidential, commercial, industrial, or
13 agricultural property.

14 The bill provides that the 10-year exemption period begins
15 not earlier than the assessment year following the year that
16 the system was placed in service.

17 The bill makes inapplicable Code section 25B.7. Code
18 section 25B.7 provides that for a property tax credit or
19 exemption enacted on or after January 1, 1997, if a state
20 appropriation made to fund the credit or exemption is not
21 sufficient to fully fund the credit or exemption, the political
22 subdivision shall be required to extend to the taxpayer only
23 that portion of the credit or exemption estimated by the
24 department of revenue to be funded by the state appropriation.

25 The bill applies to assessment years beginning on or after
26 January 1, 2018.